



DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
WASHINGTON, DC 20362-5101

IN REPLY REFER TO
4200
OPR 033/134
Ser 03/0096
6 Sep 1990

MEMORANDUM

Subj: ACQUISITION INFORMATION MEMORANDUM

Ref: (a) Federal Acquisition Regulations (FAR)
(b) DoD FAR Supplement (DFARS)
(c) Navy Acquisition Procedures Supplement (NAPS)
(d) Draft DoD Directive 5000.1
(e) Draft DoD Instruction 5000.2

1. The attached memorandum is intended to provide guidance in the implementation of references (a) through (e) for NAVSEA acquisitions. While not directive in nature, the memorandum provides information for use by personnel responsible for managing acquisition programs or approving acquisition documents. When an existing directive must be modified, changes will be submitted through the normal directives process.

2. Broad distribution of the Acquisition Information Memorandum is encouraged. Questions, comments, or suggestions may be directed to the SEA 033 staff codes identified.

A handwritten signature in black ink, appearing to read "W. A. Tarbell", is positioned above the printed name.

W. A. TARBELL
Deputy Commander for
Corporate Operations

Subj: ACQUISITION INFORMATION MEMORANDUM

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SEA 0332	SEA 06GN	PMS 312	SEA 033 Serial File
SEA 0333	SEA 06J	PMS 312F	SEA 03 Reading File
SEA 034	SEA 06K	PMS 312L	
SEA 04MP	SEA 06L	PMS 313	
SEA 04MP2	SEA 06P	PMS 313P	
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o ACQUISITION OF NON-DEVELOPMENTAL ITEMS (SEA 0331, 746-3015).

Non-Developmental Items (NDI) include material obtained from a domestic or foreign commercial marketplace, material already developed and in use by the U. S. Navy or other U.S. military services or government agencies, and material already developed by foreign governments which can be supplied to the U.S. Navy.

The Defense Management Report recommended a substantial increase in DoD's reliance on commercially available products, one type of non-developmental item (NDI). Section 812 of the Senate Armed Services Committee markup of the FY91 defense authorization bill, among other things, requires DoD to issue streamlined procedures for acquiring commercial products; a draft amendment to the bill submitted by Sen. Carl Levin expands the requirement to all federal agencies.

In a memorandum dated 7 August 1990, enclosure (1), ASN(RDA) reaffirmed Navy policy on the effective use of NDI acquisitions. He noted a review of current Navy directives revealing that flexibility in NDI procurements already exists, and directed the acquisition workforce to use this flexibility to take advantage of commercially available technology.

DON Handbook for Implementation of Non-Developmental Item Acquisitions (NAVSO P-3656, published in June 1988 by the Navy SPECAG) provides detailed guidance for NDI acquisitions.

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o RELEASE OF ACQUISITION INFORMATION (SEA 0333, 746-3014).

DoD recently issued an interim rule providing guidance on what acquisition-related information may be made public. It noted, among other things, that "PPBS papers and associated data set forth the details of proposed programs and plans. Access to this material by those not directly involved in the PPBS process undermines the confidentiality necessary for the Secretary and Deputy Secretary to obtain candid advice on the content of the defense program. Also, access to PPBS information by private firms seeking contracts with the Department may pose ethical, even criminal, problems for those involved and reduce effective competition in the contract awards process."

It is this same concern for the protection of business sensitive information that led to the issuance of NAVSEAINST 4200.19, "Service Contract Restrictions and Safeguards." This instruction provides guidelines to program offices to be used when obtaining services by contract, and is available in the Forms and Instructions Room, 1W33, NC 2.

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o COMPETITION ADVOCATES AND CAAS OVERSIGHT MANAGERS (SEA 0333, 746-3014). Numerous questions have arisen concerning the roles of Competition Advocates and Contracted Advisory and Assistance Services (CAAS) Oversight Managers, particularly with regard to review and approval of Acquisition Plans (APs) and Procurement Requests (PRs). The following information, not intended as a substitute for reading the referenced directives, is provided for use in establishing new procedures in the platform and engineering Directorates:

Acquisition Plans (APs). AP numbers will be assigned by SEA 033, telephone 746-3010 or 746-3030. AP content and format are found in FAR Part 7, DFARS Part 207, NAPS Part 7, and in the Acquisition Planning Guide published by OASN(RDA). Approval authority for APs now resides with NAVSEA; the only signatures required are those of the Program Manager, the Procuring Contracting Officer, the Deputy Commander for Contracts, and, finally, the cognizant Deputy Commander (DEPCOM). After signature by the DEPCOM, the original AP is maintained in the program office, and copies are provided to the other AP signatories and SEA 033.

Procurement Requests (PRs). DFARS Part 237 and DoD Directive 4205.2 require certain CAAS oversight functions to be performed at the Flag Officer or SES level; FAR Part 6 requires the use of full and open competition in agency acquisitions, with limited exceptions. CAAS oversight and competition advocacy responsibilities have been transferred to the platform and engineering DEPCOMs, who will establish review and approval procedures consistent with those directives. As a minimum, these functions include promoting full and open competition and challenging barriers to such competition, ensuring that all PRs are screened to identify CAAS items, and ensuring that the CAAS efforts are identified in a separate contract line item from non-CAAS efforts.

The Individual Procurement Justification (NAVSEA Form 4200/28) Item 24 (Competition/CSS Oversight Manager Signature Block) is used to denote the reviews and approvals discussed above. It is signed by the DEPCOM for PRs containing CAAS, and by the DEPCOM or designee for non-CAAS PRs.

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o DOLLAR THRESHOLDS FOR WRITTEN APS (SEA 0333, 746-3014). DFARS Part 207 requires written APs for acquisitions whose total contractual cost exceeds certain dollar thresholds. Many acquisitions consist of multiple means of contracting, for instance, contracts through SEA 02, via funding documents to other Navy activities, via Military Interdepartmental PRs to other agencies, etc., each of which by itself may be below the specified threshold. Program managers are reminded that current OASN(RDA) guidance states that "it is not appropriate to segregate individual requirements before determining whether the program meets applicable AP thresholds."

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o ADDRESSING FMP AT THE ACQUISITION REVIEW BOARD (ARB) (SEA 0332, 746-3035). Recent Congressional direction to budget Fleet Modernization Program (FMP) installation funds in the related equipment lines of OPN and WPN requires a change to the financial status viewgraph in the ARB presentation. Previously, FMP was reported as part of the O&MN line. Now, Program Managers should ensure that the FMP is properly addressed in the correct budget lines when presented to the ARB. SEA 01P can provide additional guidance concerning FMP.

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o STATUS OF DRAFT DODD 5000.1, DODI 5000.2, AND DOD 5000.2-M (SEA 033, 746-3030). These directives establish DoD's policies and procedures for planning, designing, developing, procuring, and producing defense systems. The current draft versions implement the direction provided in the Defense Management Report to the President.

Revisions resulting from the formal service reviews are still being made, so the documents have not yet been submitted to DEPSECDEF and SECDEF for signature.

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This Acquisition Information Memorandum was prepared by SEA 033 and is intended to provide guidance in the implementation of the Federal Acquisition Regulations (FAR), DoD FAR Supplement (DFARS), Navy Acquisition procedures Supplement (NAPS), draft DoD Directive 5000.1, and draft DoD Instruction 5000.2 in NAVSEA acquisitions. While not directive in nature, the memorandum provides information for use by personnel responsible for managing acquisition programs or approving acquisition documents. When an existing directive must be modified, changes will be submitted through the normal directives process.



THE ASSISTANT SECRETARY OF THE NAVY
(Research, Development and Acquisition)
WASHINGTON, D.C. 20350-1000

AUG 07 1990

MEMORANDUM FOR DISTRIBUTION

Subj: ACQUISITION BASED ON PERFORMANCE SPECIFICATIONS WHICH
ALLOW THE USE OF NON-DEVELOPMENTAL ITEMS (NDI)

A major thrust of the Defense Management Report to the President was Secretary Cheney's commitment to substantially increase our reliance on commercially-available products. The cost and schedule advantages of NDI acquisitions are well documented, as is the timely access to state-of-the-art technology afforded by this streamlining method. Contracts written to performance specifications (rather than design specifications), which allow the use of NDI, capitalize on extensive industry capital investment, encourage the use of commercial standards, and can reduce Government risk and life cycle cost.

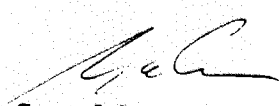
Changes and advances in technology which are incorporated into NDI equipment often occur faster than in our traditional "limited buy-integrate-TECHEVAL-OPEVAL-production buy" acquisition cycle. Accordingly, NDI equipment which is available and most desirable at Milestone III (the production decision) is often not identical to the equipment which has undergone formal developmental/operational testing. Further, equipment available at Milestone III frequently is more capable and less expensive, than that previously tested. This situation is particularly true in high technology investment areas such as computer hardware and software.

I recently directed a review of the existing law, policy and directives that impact use of NDI/COTS in Navy and Marine Corps acquisition. That review is complete. I have concluded that sufficient latitude exists and will continue to exist under planned revision of directives to allow the acquisition workforce to effectively use NDI/COTS and take advantage of commercially available technology.

Existing directives afford sufficient flexibility to tailor Test and Evaluation Master Plans (TEMPS) and Acquisition Plans (APs) to capitalize on the inherent advantages of NDI. As a matter of policy, performance specifications which allow the use of NDI shall be utilized to the maximum extent, where appropriate. Logistics considerations and life cycle costs must be clearly assessed in making this determination. Comprehensive First Article Test (FAT) and tightly-written contracts which hold the contractor liable for correction of deficiencies discovered during and subsequent to FAT and/or Follow On Test and Evaluation (FOT&E) must be designed to ensure compliance with

performance and functional specifications and to minimize risk to the government. The program manager should make the risk assessment to determine the extent to which he will use NDI/COTS in his program. COMOPTEVFOR, in coordination with the SYSCOM/PEO/DRPM, program sponsor and OP-091, is responsible for determining the amount of test and evaluation required on an individual program. In the case of Marine Corps Programs, MCOTEA in coordination with MCRDAC will determine the amount of test and evaluation required. Commercial market/military acceptance and proven performance of NDI equipments should be given consideration in making this decision.

The intent of this memorandum is to reaffirm existing policy and guidance which provide the means to field NDI quickly and cost effectively while ensuring adequate testing. Developmental and operational testing will continue to play essential roles in systems procurement, but must be properly structured to eliminate unnecessary duplication of effort and minimize costs.



Gerald A. Cann

Distribution:

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